

LEGISLATURE OF NEBRASKA
NINETY-EIGHTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 285
FINAL READING

Introduced by Landis, 46

Read first time January 13, 2003

Committee: Revenue

A BILL

1 FOR AN ACT relating to sales and use taxes; to amend section 17,
2 Legislative Bill 759, Ninety-eighth Legislature, First
3 Session, 2003; to redefine a term; to provide an
4 operative date; and to repeal the original section.
5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 17, Legislative Bill 759,
2 Ninety-eighth Legislature, First Session, 2003, is amended to read:

3 Sec. 17. (1) Sales and use taxes shall not be imposed on
4 the labor of a contractor purchased in connection with:

5 (a) The first or original construction of a structure;

6 (b) The addition of an entire room or floor to any
7 existing building;

8 (c) The completion of an unfinished portion of an
9 existing structure;

10 (d) The restoration, reconstruction, or replacement of a
11 structure damaged or destroyed by fire, flood, tornado, lightning,
12 explosion, ice storm, or other natural disaster;

13 (e) The construction, repair, or annexation of any
14 structure used for the generation, transmission, or distribution of
15 electricity; or

16 (f) The major renovation of an existing building or a
17 unit of an existing building described in subdivision (2)(e)(ii) of
18 this section. The exemption granted in this subdivision shall be
19 conditioned upon notice from the contractor to the Department of
20 Revenue of the nature of the project and an explanation of why the
21 renovation will qualify for the exemption.

22 (2) For purposes of this section:

23 (a) Building means any freestanding structure annexed to
24 land, enclosed within a roof and exterior walls, regardless of
25 whether enclosed on all sides;

26 (b) Building materials means items that will be annexed
27 to land or an improvement on land. Building materials do not
28 include tools, supplies, or items that will not be annexed;

1 (c) Contractor means any person who repairs property
2 annexed to or who annexes property to real estate, including leased
3 property, by attaching ~~such person's own~~ building materials to the
4 improvement or annexed property being built or repaired. This
5 includes the installation of fixtures and the repair of a building,
6 structure, or fixture;

7 (d) Fixture means a piece of equipment that must be
8 annexed to the building or structure in order to properly function,
9 yet remains identifiable as a separate item;

10 (e) Major renovation of an existing building or a unit of
11 an existing building means a single renovation project that:

12 (i) Increases the market value of the building or unit by
13 at least one hundred percent; or

14 (ii) Entails the renovation of no less than seventy-five
15 percent of the square feet of the building or unit;

16 (f) Renovation means the rehabilitation, replacement, or
17 reconfiguration of walls or fixtures. Mere replacement of floor
18 coverings does not constitute renovation for purposes of
19 subdivision (1)(f) of this section;

20 (g) Structure means any construction composed of parts
21 arranged and fitted together in some way. Structure includes, but
22 is not limited to, streets and roadways, street lighting, and
23 sewers and waterlines; and

24 (h) Unit means a physical portion of a building
25 designated for separate ownership, rental, or occupancy.

26 (3) A taxpayer shall be entitled to a refund of any sales
27 tax paid on construction, annexation, or repair labor for any major
28 renovation described in subdivision (2)(e)(i) of this section. The

1 refund granted in this section shall be conditioned upon filing a
2 claim for the refund on a form developed by the Tax Commissioner.
3 The requirements imposed by the Tax Commissioner shall be related
4 to ensuring that the labor purchased qualifies for the refund. Any
5 information received pursuant to the requirements of this
6 subsection may be disclosed to any tax official in this state. Any
7 taxpayer who provides false information on the forms required by
8 the Tax Commissioner for purposes of this subsection shall be
9 subject to the penalties provided in subsection (8) of section
10 77-2705.

11 Sec. 2. This act becomes operative on October 1, 2003.

12 Sec. 3. Original section 17, Legislative Bill 759,
13 Ninety-eighth Legislature, First Session, 2003, is repealed.